

## CHAPTER 16 — VARIABLE ANNUITY PLAN

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### **1600 Participation and the Variable Election Process**

The Variable Trust Fund is open to new elections by active participants pursuant to 1999 Wisconsin Act 11. Employees can elect to deposit 50% of all future Wisconsin Retirement System (WRS) employee required and additional contributions in the Variable Trust Fund by completing an *Election To Participate in the Variable Trust Fund* (ET-2356).

Further information about the election and instructions for completing the form are found on the election form. Employees may obtain a copy of the *Election to Participate In the Variable Trust Fund* by visiting ETF's internet site at: <http://etf.wi.gov>, or by contacting ETF's call center toll free number at 1-877-533-5020, or (608) 266-3285 (local Madison).

Participation in the Variable Trust Fund is not valid until the *Election to Participate In the Variable Trust Fund* (ET-2356) is received by ETF. The effective date of the election to participate in the Variable Trust Fund is based on the date ETF receives this election form. The form should be mailed or faxed directly to ETF and not submitted through the employer.

**Note:** If you fax your enrollment, the receipt date on the fax is considered ETF's receipt date. You do not need to send the original.

Conditions for enrollment in the Variable Trust Fund vary based on the following individual circumstances.

- A.** A current WRS participating employee who has never participated in the Variable Trust Fund is eligible to enroll in the Variable Fund upon ETF's receipt of the election. The election becomes effective on January 1 following the year the election is received by ETF.

**Example:** A current employee has been a WRS participant since 1993. Election received January 3, 2004. Coverage effective date is January 1, 2005.

- B.** A new WRS participant is eligible to file an election form with ETF within 30 calendar days of their WRS effective date and participation in the variable fund is immediate. If the election is received at ETF later than 30 days from their WRS effective date, their participation in the variable fund will begin the following January 1.

**Example:** Employee is initially covered under the WRS on November 5, 2004. The election notice is received by ETF on December 3, 2004. Variable Fund participation date is November 5, 2004 and all employee required contributions after that date will be split between the Variable and Fixed Trust Funds. If the election is not received by ETF until December 7, 2004, variable fund participation will be effective January 1, 2005.

- C.** An employee who previously opted out of the Variable Trust Fund with an effective date of January 1, 1999 or earlier may re-elect to participate in the Variable Trust Fund.
- D.** An employee who previously opted out of the Variable Trust Fund with an effective date of January 1, 2000 or later, cannot re-enroll in the Variable Trust Fund. This includes an employee who ends WRS participation, does not withdraw their WRS contributions and later returns to work for a WRS participating employer.
- E.** An employee who ends WRS participation, withdraws all of their WRS contributions (i.e. separation or retirement benefit) and later returns to work and is enrolled in the WRS, may elect to participate in the Variable Fund.

1601 Sample Election To Participate In the Variable Trust Fund (ET-2356)

Department of Employee Trust Funds  
P. O. Box 7931  
Madison, WI 53707-7931

**ELECTION TO PARTICIPATE IN THE  
VARIABLE TRUST FUND**

Wis. Stat. § 40.04(7) (a) and Wis. Adm. Code ETF 10.30

			Your Social Security Number	
Last Name	First	Middle I.	Birthdate (MM/DD/CCYY)	
Address	Street	City	State	Zip Code

**Important:** If you want to participate in the Wisconsin Retirement System (WRS) Variable Trust Fund, please carefully read the information on this page and the terms of the election explained on the cover pages. If you submit this form to the Department of Employee Trust Funds, you acknowledge that you understand the terms of the variable election as explained on this form and the cover pages.

Effective January 1, 2001, any active WRS participant may elect to have 50% of all future WRS employee required and additional contributions deposited in the Variable Trust Fund. The Variable Trust Fund is invested exclusively in common stocks. The WRS credits the variable portion of participating active and inactive accounts with a rate of interest based on investment gains or losses posted to the Variable Trust Fund. Likewise, annuitants participating in the Variable Trust Fund receive adjustments credited to the variable portion of their annuities based on Variable Trust Fund investment returns. **While participation in the Variable Trust Fund offers the possibility of gain, you must also be prepared to accept a loss. A variable annuity can provide a smaller amount of monthly retirement income as well as a greater amount.** For example, Variable Trust Fund annuitants experienced a 14% decrease in their Variable Trust annuities in 2001 and a 27% decrease in 2002. Unlike a fixed annuity, which is guaranteed never to be less than the initial fixed monthly amount, **a variable annuity may decrease to less than the initial monthly amount.**

**ELECTION TO PARTICIPATE IN THE VARIABLE TRUST FUND**

I elect to have 50% of all my future WRS employee required and additional contributions deposited in the Variable Trust Fund. I understand that the effective date of my election to participate in the Variable Trust Fund is determined by the Department based on the date this election form is received at the Department.

If I am currently actively employed, I understand that this variable election will take effect the January 1 of the year following receipt of this election form by the Department. If I am a new WRS participant after 2000 and my election form is received by ETF within 30 calendar days after the start of my WRS coverage, I understand that participation in the Variable Trust Fund is effective immediately, upon start of my WRS coverage. If I am a new WRS participant after 2000 and my election form is received by the Department 31 or more calendar days after the start of my WRS coverage, I understand that participation in the Variable Trust Fund is effective January 1 of the year following receipt of the election form.

**I acknowledge that unfavorable stock market performances may result in losses to my Variable Trust Fund account as much as positive stock market performances may result in gains to my Variable Trust Fund account and that this experience will impact my WRS retirement benefits.**

I have read and understand and agree to all of the terms of this election as stated on the cover pages of this election. I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that to the best of my knowledge and belief, the information is true and correct.

Date (MM/DD/CCYY)	Signature	Daytime Telephone Number
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*Sign. Make a copy for your records. Submit original form. The Department will mail you an acknowledgment.*

## 1602 Canceling Participation in the Variable Trust Fund

### A. WRS Benefit Application

Participation automatically terminates if an employee who has participated in the Variable Trust applies for and receives a WRS single sum benefit. The employee cannot participate in the Variable Trust if subsequently employed by a WRS participating employer.

### B. Filing a Cancellation Election

To cancel participation in the Variable Trust Fund, a participant must file a *Canceling Variable Participation* form (ET-2313). Once the cancellation form has been received by ETF, it can only be rescinded if the Department receives your written request to rescind your cancellation prior to the cancellations effective date. Once a variable cancellation is effective, it cannot be rescinded.

The variable cancellation becomes effective on the first of the year **after** it is received by ETF. The variable gain or loss for the year in which the form is filed is applied to your account on December 31. All future contributions will be deposited in the Fixed Trust Fund.

Any excess or deficiency amount is created and stored on the employee's record, based on a comparison of the variable account at the time of the cancellation versus what the account balance would have been had the employee not participated in the variable program. This "variable excess" or "variable deficiency" amount is credited with fixed interest each year, and will be used to adjust any future formula annuity benefits.

### C. Cancellation Options for Non-Annuitants

- **Cancel participation in the variable annuity program for future contributions only.** Past contributions remain divided between the variable and fixed program. Future contributions will be deposited solely within the fixed fund. Non-annuitants may file a conditional or unconditional election any time in the future.
- **Cancel future participation in the variable program and transfer past contributions conditionally.** A conditional election cancels variable participation for all future contributions beginning the next January 1. Past variable contributions will not be transferred to the fixed fund until the January 1 after the variable accumulation equals or exceeds the amount that would have accumulated had the contributions been deposited in the fixed annuity program. Non-annuitants electing a conditional cancellation may change to an unconditional election at any time. If the condition of transfer has not been met prior to retirement, the election will apply to the person as a retiree.

- **Cancel future participation in the variable annuity program and transfer past contributions unconditionally.** With an unconditional election, past variable contributions are transferred to the fixed annuity program effective the next January 1. This type of election may result in a variable excess or a variable deficiency (see 1602 B.)

**D. Cancellation Options for Retirees (receiving monthly WRS benefits)**

- **Cancel participation in the variable annuity program for future contributions only.** This option applies only to any new contributions to an annuitant WRS account. The variable annuity continues to be paid from the variable trust fund, and will continue to receive the annual variable annuity adjustments. The annuitant may file a conditional or unconditional election any time in the future.
- **Conditional Transfer.** A conditional cancellation changes the variable portion of the annuity to a fixed annuity, if and when the variable amount equals or exceeds the amount that would have been paid had the annuitant never participated in the variable trust fund. An annuitant may file an unconditional election at any time, which would become effective on the following January 1. Any annual variable gains or losses earned prior to the January 1 on which the variable cancellation becomes effective will be applied to the variable annuity, and will be reflected beginning with each subsequent April 1 payment.
- **Unconditional Transfer.** The annuitant may elect that the variable portion of the annuity be unconditionally changed to a fixed annuity effective on the following January 1. Any variable gains or losses in the year in which the form is filed will be applied to the variable annuity, and will be reflected beginning with the subsequent April 1 payment. No future variable gains or losses will be applied to this benefit.

1603 Sample of *Canceling Variable Participation* (ET-2313)

Department of Employee Trust Funds  
P. O. Box 7931  
Madison, WI 53707-7931

**CANCELING VARIABLE PARTICIPATION**

Wis. Stat. § 40.04 (7) Wis. Adm. Code ETF 10.30

TYPE OR PRINT IN INK

YOUR NAME <i>Last</i> <i>First</i> <i>Middle I.</i> <i>Maiden</i>	Your Social Security Number
Address    No. and Street	Your Birthdate (MM/DD/CCYY)
City                                      State                                      Zip Code	Your Weekday Telephone No. (Include area code)

**Be sure to read the information about canceling your variable participation on the previous pages before completing this form.**

You may select one of the following options for canceling your participation in the variable trust fund (check one box only):

- ☐ 1. I elect to cancel my participation in the variable trust fund for all future contributions only. I understand that all past contributions (and my annuities, if applicable) will remain in the variable trust fund.
- ☐ 2. I elect to cancel conditionally my participation in the variable trust fund. I understand this election will cancel all future variable contributions to my WRS account. Past variable contributions will be transferred or future variable annuity payments will become fixed payments only when the value of the variable portion equals or exceeds the amount I would have had if I had never participated in the variable trust fund.
- ☐ 3. I elect to cancel unconditionally my participation in the variable trust fund. I understand this election will cancel all future variable contributions and transfer past variable contributions from my active/inactive account(s) and/or transfer my future annuity payments to the fixed division.

**MULTIPLE ACCOUNTS**

**IF YOU HAVE MULTIPLE ACCOUNTS BUT ONLY WANT THIS VARIABLE CANCELLATION TO APPLY TO SPECIFIC ACCOUNT(S)**, use this space to specify the WRS account(s) to which you want this cancellation to apply. See "MULTIPLE ACCOUNTS" section on the instructions before completing this section. If you do not specify a specific account to which this cancellation is to be applied, it will be applied to all of your variable accounts and/or annuities.

I understand that Wis. Stat. § 943.395 provide criminal penalties for making false or fraudulent claims on this form and hereby certify to the best of my knowledge and belief, the above information is true and correct. I have read and understand the information regarding the effects of canceling participation in the variable trust fund.

<b>SIGN</b>	Signature (Do not print)	Date Signed (MM/DD/CCYY)	<b>DATE</b>